

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-01 INR-07 L-03  
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06  
ACDA-07 MC-02 OMB-01 TRSE-00 EB-07 ERDA-05 AID-05  
IGA-02 SSM-03 /088 W  
-----251136Z 036078 /17

R 250917Z MAY 77  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC 5404

C O N F I D E N T I A L CAIRO 8750

E.O. 11652: GDS  
TAGS: MASS  
SUBJECT: US ARMS SALES POLICY

REF: (A) STATE 115409, (B) STATE 115406, (C) STATE 115244

1. LAST SUNDAY IN ALEXANDRIA, I BRIEFED FAHMY ON OUR NEW ARMS SALES POLICY AND GAVE HIM TEXT OF PRESIDENT CARTER'S STATEMENT. IN EXPLAINING NEW POLICY, I USED TALKING POINTS SET FORTH REFTEL C. POINTED OUT NEW POLICY DECISION REFLECTS PRESIDENT CARTER'S STRONG DESIRE TO BRING ABOUT RESTRAINT IN GLOBAL ARMS TRADE. IT IS NOT DIRECTED AT ANY SINGLE COUNTRY OR GROUP OF COUNTRIES. AS FAHMY KNEW, USG GREATLY VALUES ITS CLOSE TIES WITH EGYPT AND EXPECTS TO CONTINUE TO WORK CLOSELY AND COOPERATIVELY WITH GOE IN ORDER TO MAKE EARLY PROGRESS TOWARD MIDDLE EAST PEACE. SPECIFIC REFERENCE TO ISRAEL REPRESENTS CONTINUITY IN OUR HISTORIC COMMITMENT. GOE COULD BE ASSURED, HOWEVER, THAT NEW POLICY WILL ALSO TAKE INTO ACCOUNT OUR INTEREST IN FRIENDSHIP WITH OTHER COUNTRIES IN MIDDLE EAST.

2. AS OUR EGYPTIAN FRIENDS AWARE, PRESIDENT CARTER HAS STATED THAT IN CONTEXT PEACE NEGOTIATIONS, HE INTENDS  
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TO WORK FOR ARMS RESTRAINT THROUGH ME AS WELL AS IN OTHER PARTS OF THE WORLD. IN REQUESTING RESTRAINT OF ANY OF OUR FRIENDS IN ME, WE WILL ALSO BE LOOKING AT PATTERN OF RESTRAINT EXERCISED BY ITS REGIONAL NEIGHBORS. THE PRESIDENT'S NEW ARMS POLICY, I EMPHASIZED, IS NOT INTENDED TO DISADVANTAGE ANY OF OUR FRIENDS. ECONOMIC IMPACT OF PROPOSED ARMS TRANSFERS WILL CONTINUE TO BE

ASSESSED. IN THIS AND OTHER ASPECTS OF ARMS POLICY, WE WILL CONTINUE TO CONSULT CLOSELY WITH EGYPT. WE ARE WORKING ON THE ASSUMPTION THAT NEITHER USG NOR EGYPT DESIRES TO DIVERT SCARCE RESOURCES UNNECESSARILY TO DEFENSE PROJECTS.

3. FAHMY HAD HEARD NEWS REPORTS OF NEW POLICY. HE OBSERVED RUEFULLY THAT THIS WILL PROBABLY MAKE IT EVEN MORE DIFFICULT FOR GOE TO GET HARDWARE FROM US. AT SAME TIME HE GATHERED ARMS FLOW TO ISRAEL WILL CONTINUE. UNHAPPILY, WHITE HOUSE HAD HAD TO BOW TO CONGRESSIONAL PRESSURE IN CONNECTION WITH ARMS FOR ISRAEL. SO FAR AS EGYPT AND MIDDLE EAST ARE CONCERNED, HE WONDERED WHETHER NEW POLICY MAKES ANY DIFFERENCE. ISRAEL WILL STILL GET LARGE QUANTITIES OF ARMS, WHILE EGYPT WILL STILL BE DENIED HARDWARE. PICKING UP COMMENT THAT NEW ARMS POLICY IS NOT INTENDED DISADVANTAGE ANY STATE, FAHMY OPINED THAT EGYPT HAS IN PAST AND WILL CONTINUE TO BE DISADVANTAGED BY OUR ARMS SALES POLICIES. SALE OF PASSIVE ITEMS, SUCH AS C-130'S, HE CONTENDED, ADDS LITTLE TO EGYPTIAN DEFENSE CAPABILITY IN FACE OF MASSIVE US ARMS FLOW TO ISRAEL.

4. I SAID I COULD NOT ACCEPT HIS CHARACTERIZATION OF OUR ARMS POLICY. AS HE HAD BEEN TOLD MANY TIMES, OUR ARMS SALES TO ISRAEL ARE PART OF A CONTINUING COMMITMENT. AS HE ALSO KNEW, PRESIDENT CARTER HAS VETTED ALL SUCH SALES CAREFULLY. I RECALLED CANCELLATION OF CLUSTER BOMB SALE, WHICH HAD TAKEN PLACE DURING SECRETARY VANCE'S CONFIDENTIAL

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VISIT TO MIDDLE EAST. ISRAEL DOES NOT GET EVERYTHING IT REQUESTS. EACH ITEM IS CAREFULLY SCRUTINIZED TO DETERMINE WHETHER A REAL REQUIREMENT EXISTS. FAHMY ACKNOWLEDGED POSITIVE EFFECT OF CANCELLATION OF PROPOSED SALE OF CLUSTER BOMB TO ISRAEL, BUT ARGUED ISRAEL STILL RECEIVES MORE US ARMS THAN IT NEEDS. IN CIRCUMSTANCES, HE DID NOT SEE HOW GOE HAS ANY ALTERNATIVE BUT TO TRY TO FIND SOURCES OF COUNTERVAILING ARMS. IF ISRAEL EXERCISES RESTRAINT IN ARMS ACQUISITION, THEN ARABS CAN ALSO DO SO. SADAT HAD SAID IN WASHINGTON THAT HE WOULD DEARLY LIKE TO REDUCE DEFENSE EXPENDITURES. UNFORTUNETLY, IN ABSENCE ANY REAL PROGRESS TOWARD PEACE-AND BEGIN'S ELECTORAL SUCCESS HARDLY AUGURED WELL -- SADAT MUST SEEK ARMS FROM ANY PLACE WHERE HE CAN GET THEM. IN ANY CASE, GOE WILL FOLLOW WITH INTEREST HOW USG IMPLEMENTS NEW ARMS POLICY IN THE MIDDLE EAST.

5. FOLLOWING DAY I ALSO OUTLINED TO SADAT DETAILS OF NEW ARMS SALES POLICY. HE MADE NO SUBSTANTIVE COMMENT,

BUT ASKED THAT FAHMY SEND HIM THE TEXT OF PRESIDENT  
CARTER'S DECISION. MFA IS NOW TRANSLATING TEXT INTO  
ARABIC FOR SADAT'S USE.  
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## Message Attributes

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**Channel Indicators:** n/a  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Reference:** 77 STATE 115409, 77 STATE 115406, 77 STATE 115244  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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